

Summary of Reports on Rhode Island Child Care
Child Care Research Partnership

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1) *An Examination of the Child Care Choices of Low-Income Families Receiving Child Care Subsidies* (February 2004)

Scope: This report examines the impacts of policy and administrative changes to the child care subsidy program on the child care choices (center care, family care, or informal care) of families using subsidies. Two main populations are studied: 1) Families that are current or former recipients of cash assistance (“FIP families”), and 2) families that were never recipients of cash assistance (“non-FIP families”), both of which use child care subsidies. The report presents data for both populations subdivided into three groups: families with one, two and three children in subsidized care. The report also takes into consideration the effects of numerous household and community characteristics. The data show trends in child care choices, proportions of families choosing each type of care over time, and probability of significant change in child care choices. The time period of study is July 1998 to June 2002. The sample size totals 19,386 households: 13,621 households that received cash assistance at some time between May 1996 and June 2002, and 5,765 households that never received cash assistance between May 1996 and June 2002.

Main Finding: The report finds that RI’s policy and administrative changes to the child care subsidy system significantly increased the likelihood that both FIP and non-FIP families would choose formal care rather than informal care for their children receiving subsidies. The report attributes the timing of this trend to specific policy and administrative changes during the period of study: 1) RI’s expansion of both income eligibility and age eligibility for child care subsidies in Jan. 1999 and July 1999, 2) RI’s increase in reimbursement rates for formal providers in Jan. 1999, July 1999, Jan. 2000 and Jan. 2002, 3) RI’s institution of a Comprehensive Child Care Services program in April 2001, 4) RI’s more strict enforcement of requirements for informal providers beginning in mid-June 2001, and 5) RI’s separation of eligibility determination for child care subsidies from enrollment with a provider, initiation of web-based enrollment, and establishment of portable vouchers in mid-June 2001.

In particular, the report finds a considerable increase in the likelihood of both FIP and non-FIP families to choose family child care homes. This increase was found most dramatically among FIP families with three children in subsidized care, whose likelihood of choosing family child care tripled (8% to 24%) and whose likelihood of choosing informal care was more than halved (34% to 14%) over the period of study. Though family child care is the fastest growing child care choice, child care centers remain the most likely choice for both FIP and non-FIP families, particularly for families with one child in subsidized care. Over the period of study, the likelihood of choosing center care increased among FIP families with 1, 2 and 3 children, and decreased among non-FIP families with 1, 2 and 3 children. All six subdivisions of families show a significant decrease in the proportion choosing informal care.

The report analyzes the impact of several household and community characteristics on the families' choices. The probability of choosing center care peaks when the household head is in her early to mid 30s. The probability of choosing family child care or different types of care declines when the ages of the oldest and youngest children increase. However, if the youngest child is an infant, there is an increased probability of choosing informal or family care rather than center care. Hispanic families currently or formerly receiving cash assistance are more likely to choose informal care than center care. But Hispanic families that never received cash assistance are not more likely to choose informal care. Better educated households are generally more likely to choose formal care than less well educated households. Households headed by non-US-citizens are more likely to choose family care than households headed by US citizens. Increased availability of Head Start, kindergarten and preschool center care increases the probability that households will choose center care. Transportation also has a significant impact on choices.

The report demonstrates that the child care choices of families with one child in subsidized care, with two children in subsidized care, and with three children in subsidized care are distinct. Families with more than one child in care show strong preference for placing all children in the same type of care.

2) *Impacts of Eligibility Expansions and Provider Reimbursement Rate Increases on Child Care Subsidy Take-Up Rates, Welfare Use and Work* (May 2003)

Scope: This report examines the impact of welfare reform and reform of the child care subsidy program on the likelihood that current and former FIP families would work 20+ hours per week. It also examines the impact of policy changes to the child care subsidy program, apart from welfare reform, on the likelihood that families would use child care subsidies. It focuses on the most powerful area of impact, the population of former cash-recipient families that left welfare to work 20+ hours per week. The data are in terms of probability. The report examines the probability that a typical parent in the sample population (one with median characteristics) will be in one of several categories of employment and welfare status, and the probability that the parent will use child care subsidies. The period of study is Q2 1996 to Q2 2000. The sample is 29,468 female single-parent working-age households.

Main Finding: Over the period of study, policy changes to the cash assistance and child care subsidy programs more than tripled the probability (7% to 22%) that a single mother in the sample currently or formerly receiving cash assistance would work 20+ hrs/wk, and nearly halved the probability (47% to 25%) that a single mother in the sample would be receiving cash assistance and neither working nor engaging in a FIP-approved activity. In other terms, the typical parent in the sample was 7 times more likely to be receiving cash, working less than 20 hrs/wk and not active in Q2 1996 than in Q2 2000. And in Q2 2000, the typical parent would be almost as likely to be working 20+ hrs/wk as to be receiving cash and neither working nor active.

The report shows that child care policy reform significantly increased the likelihood that current and former single-parent FIP families working 20+ hrs/wk would use child care subsidies. The greatest increase in take-up rates (42% to 58%) was among

families that had left FIP and were working 20+ hrs/wk. The smallest increase (47% to 49%) was among families receiving cash assistance and active but engaged in an activity other than work.

The report shows that the child care policy reforms (apart from welfare reform), during the period Q1 1999 to Q2 2000, resulted in 914 additional families per quarter that were working 20+ hrs/wk and receiving child care subsidies but not receiving cash assistance, and an additional 354 current cash recipients were working 20+ hrs/wk and receiving both child care subsidies and cash assistance. In Q2 2000, these additional numbers of families reached 1680 per quarter and 516 per quarter, respectively.

3) *Evaluation of Rhode Island's Starting Right Program: May 1996-April 2001* (August 2002)

Scope: This report evaluates the impact of Starting Right policies on the employment and activities of both current and former recipients of cash assistance using child care subsidies, on the take-up rates of child care subsidies, and on the availability of child care. The time period of study is May 1996 (a year before RI welfare reform) to April 2000. The data show fluctuations in probability of leaving welfare for work, rates of entitled families using child care subsidies, and numbers of available slots in relation to take-up rates.

Main Finding: The report finds that the entitlement to child care subsidies (beginning in 1997) and policies associated with Starting Right significantly increased availability of formal care in Rhode Island and increased the likelihood that both current and former cash recipients would use child care subsidies. The policy changes also increased work among both current and former cash recipients and encouraged current cash recipients to leave welfare for work. The most powerful impact was families that left welfare for work (former cash recipients that work at least 20 hours per week).

The report finds a dramatic 8% increase in the probability that a family would leave cash assistance and work 20+ hrs/wk with the use of a subsidy. In contrast, the probability of a family leaving cash assistance and working 20+ hrs/wk without the use of a subsidy increased by only 3%. The report therefore estimates that changes in child care policies increased by 5% (the difference) the probability that a member of the sample would leave welfare and work 20+ hrs/wk. This implies that about 1500 more families left welfare and worked 20+ hrs/wk in April 2000, thanks to policy changes.

The report finds a significant increase in the take-up rate of child care subsidies for working current cash recipients and working former cash recipients. Entitlement to child care subsidies and other demand-side Starting Right policies made the most dramatic impact on working former cash recipients. The take-up rate for this population increased from 51% to 62% after entitlement in 1997, and from 62% to 69% after Starting Right policies implemented in January 1999 (expansion of age and income eligibility for subsidies).

The report also discusses changes in the availability of child care associated with supply-side policy changes, such as increased reimbursement rates and subsidized health insurance for child care providers. It finds increases in the availability of formal child care –preschool center care, school-age center care, and family child care– and provides

data on the trends specific to the core cities and RI. The report then estimates the extent to which the increased availability of these three types of care improved the odds that a working current cash recipient family and a working former cash recipient family would use child care subsidies.

4) *A Preliminary Look at Employee Turnover at Child Care Centers in Rhode Island*
(February 2003)

Scope: This report assesses Rhode Island's employee turnover rates in child care centers during the period Q2 1999 to Q4 2001. It examines a sample of 130-140 single-license child care centers and a sample of almost 30 multiple-license child care centers and school-age programs. It focuses on Providence, Pawtucket, the Balance of the State, and RI. The data show rates of turnover and the pattern of turnover.

Main Finding: In single-license centers, employee turnover follows a cyclical pattern, increasing during the 3rd and 4th quarters (summer and fall) and decreasing during the 1st and 2nd quarters (winter and spring). Since Q2 1999, the 2nd quarter turnover rate has shown a decline over time, reaching a low of 11.5% in 2001. The 4th quarter turnover rate has shown fluctuation; it was 21.7% in 2001. The mean quarterly turnover rate is highest in Balance of the State (19.6%) and lowest in Pawtucket (11%); in between are Providence (12.9%) and the state of RI (18%).

In multiple-license centers, employee turnover follows a similar cyclical pattern. The mean quarterly turnover rates differ from single-license centers in that the rate is lower in the Balance of the State (18.7%) and higher in Providence (19.5%), with the state of RI (18.9%) in between.

During the period of study, the average yearly statewide turnover rate declined for single-license centers from 37.5% to 36.2% and for multiple-license centers from 38.9% to 36.5%. For comparison, the average yearly *national* turnover rate for providers in child care centers was about 31% in 1997.

The report concludes that turnover rates vary substantially by provider and can be understood only with a model that incorporates unique attributes of providers and employees.

5) *Take-Up Rates and Trade Offs After the Age of Entitlement: Some Thoughts and Empirical Evidence for Child Care Subsidies* (March 2002)

Scope: This report develops a model of an eligible family's decision to take or not to take child care subsidies. It surveys the general literature on take-up rates for social welfare programs and reviews estimates of take-up/service rates in various states, Rhode Island included. It suggests indicators that illustrate the trade offs that governments make when designing and administering a child care subsidy program, prioritizing either the facilitation of parental work by maximizing the number of subsidies available to low-income families, or the provision of more comprehensive child care services by focusing on the type of care received by low-income children. To prioritize both parental work and services for low-income children would require a state's committed investment in its child care assistance program.

Main Finding: The report finds that an eligible family's decision to take or not to take child care subsidies depends on the expected net benefits from the subsidies and on the amount of information to which the family is privy. It argues that the term "take-up" rate applies only to states where subsidies are an entitlement; in states where subsidies are not guaranteed to all eligible families, the term "service" rate is more appropriate.

The report estimates that for states where child care subsidies are an entitlement, the family-level take-up rate was around 40% in early 2000. In Rhode Island, the take-up rate has been increasing, from 44% in Q2 1996 to 53% in Q2 2000. For states that do not guarantee child care subsidies, service rates range from 14% in Minnesota to 50% in Massachusetts.

The report identifies two indicators to assess the trade-offs in the child care subsidy system: 1) the percent of federally eligible families that receive child care subsidies and 2) the public expenditures per subsidized child. High numbers for the first indicator suggest a government's priority on facilitating parental work, whereas high numbers for the second indicator suggest a government's priority on preparing its future workforce by improving services to low-income children. Rhode Island shows an increasing emphasis on the latter indicator between 1996 and 2000. However, the state has increased both the availability of child care subsidies and expenditures per child over the last five years, which can be attributed to the substantial additional funds committed to the child care subsidy program. With declines in revenue, states are faced with making this trade-off to a greater extent, and their decisions can be discerned using the identified indicators.